**Create the Value: Market Segmentation Analysis and a Value Proposition**

Your company has decided to explore the possibility of developing a **new retail brand aimed at a specific target market.** Please prepare a report that would form the basis of a planning discussion with your senior marketing managers. The term retail brand refers to a retail store concept, as opposed to a manufacturer’s product or service brand - the retail company is the brand - like Target, GAP or Victoria’s Secret. **You must develop your own retail brand. Do not use an existing brand.**

Your report should include a detailed analysis of a potential market segment and a description of the proposed value proposition. You will be putting into practice the segment, target, position (STP) model that we discussed in class and in week 2’s self-driving car discussion thread.

Your report should be about 1,000–1,250 words and include a minimum of three references. Please use the APA format for your paper and references. Please include the following sections:

**1. Brief Description of the proposed retail brand concept**

**2. Potential Market Segments and Target Market**

Follow these guidelines:

1. Identify the characteristics of your potential target market in **three (3)** separate market segments by identifying the need for the product/service and grouping potential customers who hold the same need. For example, in the Attractiveness Analysis we did in week 2, the company had identified two segments, healthcare and wholesale distribution that had a need for legal services. The type of legal services needed resulted in the two market segments.
2. Conduct your research by gathering data on segmentation variables for each group. The segmentation variables in the week 2 Attractiveness Analysis are found in the furthest left-hand column, such as, Percent of Firm Revenue, Location (Found under the Number of Target variable) Below are some possible variables to researching your potential segments.

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| --- | --- |
| Major Segmentation Variables for Consumer Markets | |
| Geographic region | Pacific Mountain, West North Central, West South Central, East North Central, East South Central, South Atlantic, Middle Atlantic, New England |
| City or metro size | Under 5,000; 5,000–20,000; 20,000–50,000; 50,000–100,000; 100,000–250,000; 250,000–500,000; 500,000–1,000,000; 1,000,000–4,000,000; 4,000,000 or over |
| Density | Urban, suburban, rural |
| Climate | Northern, southern |
| Demographic age | Under 6, 6–11, 12–19, 20–34, 35–49, 50–64, 64+ |
| Family size | 1–2, 3–4, 5+ |
| Family life cycle | Young, single; young, married, no children; young, married, youngest child under 6; young; married, youngest child 6 or over; older, married, with children; older, married, no children under 18; older, single; other |
| Gender | Male, female |
| Income | Under $10,000; $10,000–$15,000; $15,000–$20,000; $20,000–$30,000; $30,000–$50,000; $50,000–$100,000; $100,000 and over |
| Occupation | Professional and technical workers; managers, officials, and proprietors; clerical salespeople; craftspeople; forepersons; operatives; farmers; retired people; students; homemakers; unemployed people |
| Education | Grade school or less; some high school; high school graduate; some college; college graduate |
| Religion | Catholic, Protestant, Jewish, Muslim, Hindu, other |
| Race | White, Black, Asian, Hispanic |
| Generation | Baby boomers, Generation Xers |
| Nationality | North American, South American, British, French, German, Italian, Japanese |
| Social class | Lower lowers, upper lowers, working class, middle class, upper middles, lower uppers, upper uppers |
| Psychographic lifestyle | Culture-oriented, sports-oriented, outdoor-oriented |
| Personality | Compulsive, gregarious, authoritarian, ambitious |
| Behavioral occasions | Regular occasion, special occasion |
| Benefits | Quality, service, economy, speed |
| User status | Nonuser, ex-user, potential user, first-time user, regular user |
| Usage rate | Light user, medium user, heavy user |
| Loyalty status | None, medium, strong, absolute |
| Readiness stage | Unaware, aware, informed interested, desirous, intending to buy |
| Attitude toward product | Enthusiastic, positive, indifferent, negative, hostile |

1. You also need to estimate the size of your target market and the revenue potential. To establish the size of your market, go to <http://www.census.gov/>. In the top menu, look at Topics – Population and Economy. You can click around to locate the specific information you need. You can also go to the search field in the upper right corner and enter the data you think you need. This site will provide data for both the individual consumer as well as the business consumer.
2. Once you have the data gathered, identify the most attractive segment of the three you have researched. This is your target market.

**3. The Value Proposition**

Describe the bundle of benefits/features that are offered to the target customer. Features are what the company offers and benefits are what the customer derives from these features. For example, if we look at bottled water, a feature is that it is plastic. The benefit is that it will not break, like a glass bottle would.

* Functional Benefits – What basic features are offered?
* Emotional Benefits – What features are offered that make the customer feel good?
* Self-Expressive Benefits – What features are offered that help reflect and communicate the customer’s values to everyone in the social environment?

Develop your positioning statement as we did in Week 2’s discussion on the self-driving car from Google.

The format for the positioning statement is: **The {product/service you are offering] will satisfy [what is their need] of [Target market description] by [how that need is met].  Unlike [competitors], the [product/service] will have [features/benefits].**

**4. Recommendations and Conclusions –** Summarize why you recommend the target market you have chosen, the needs, features and benefits of the product/service that align with the target market, how it differentiates from other products/services available to the target and a message that could be sued in telling the target market about your offering.

**Grading Rubric**

| **Outline** | **Points** | **Description** |
| --- | --- | --- |
| Description | 20/20 | Brief Description of the Retail Brand Concept |
| Potential Mkt Segment | 20/20 | Identify the characteristics of your potential target market; estimate the size of your target market and the revenue potential. |
| Value Proposition | 20/ 20 | Describe the bundle of benefits and features (Functional benefits; Emotional benefits; Self-expressive benefits) |
| Conclusion | 10/10 | Clear conclusions and summary |
| APA format/References  and Inline cites | 20/20 | Proper APA format, 1inch margins, 12 point font, title page,  headings used. |
| Editing, spelling,  grammar | 10/10 | Written at a graduate level, more than 5 error results in 0  points. |
| **Total** | 100 | Notes to student. |